

63-704 Fraud Referrals

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63-704.1 Early Fraud Detection/ Prevention (EFD/P) Referral

The intent of the Public Assistance Fraud Division (PAFD) Early Fraud Detection/Prevention (EFD/P) is to have the investigator complete the investigation before an application is granted to prevent the issuance of aid to a deceptive applicant or to terminate fraudulently obtained benefits shortly after granting. A referral will be completed on the Fraud Referral Tracking System (FRTS) (see [How To 180 Add FRTS URL or Search the Learning Management System, \(LMS\) for the training](#)) and sent to the EFD/P investigator(s) stationed in the FRC when information is questionable and when one of the following conditions is met:

- The SAWS 1, SAWS 2 Plus or [CF 285](#) date is less than 90 days old; or
- An allegation/suspicion is derived directly from the recertification process (i.e., information obtained from the recertification is in conflict with information in the case record and the client is unable to provide a satisfactory explanation), and a referral is made as soon as possible, following the recertification process, using the recertification date as the SAWS 1 override date on FRTS; or
- Applications for new/additional funds, such as CalFresh on an existing CalWORKs only case or adding a newborn/returning absent parent to the existing case, etc. is made and the referral is made within 90 days from that application date; or

- The case is a General Relief (GR) case; or
- An incoming Electronic Inter-county Transfer (eICT) application is made and the referral is made within 90 days from the date the county receives the eICT notification.

In general, the goal of the Public Assistance Fraud Division (PAFD) is to complete the EFD/P investigation within three to five workdays.

Any fraud allegation that does not meet the criteria for an EFD/P referral will be referred for a Full Field investigation. PAFD has 90 days from the assignment date to provide a report on a Full Field referral.

Homeless CalFresh applicants should not be referred to PAFD for the sole purpose of verifying residence.

63-704.2
Public
Assistance
Associated
Project 100%
Referrals

When evaluating CalFresh eligibility at initial application for Public Assistance CalFresh (PACF) cases with an associated CalWORKs Project 100% referral, the following guidelines shall be observed:

- Project 100% home visits for the purpose of confirming the applicant's eligibility for CalWORKs benefits may **NOT** be used to verify information which is uniquely relevant to a CalFresh application and eligibility determination (e.g.: verifying if the applicant purchases and prepares food separately from others in the home).
- CalFresh eligibility determinations for these PACF cases are to be evaluated separately and **not held in pending status waiting for the results** of a home visit from Project 100%.
- CalFresh eligibility determinations are to be based on all relevant information/verification without consideration that a home visit was not made, or is still pending.
- Staff shall terminate a Project 100% Fraud investigation referral when a PACF case is converted to a Non Assistance CalFresh (NACF) only case.

63-704.3
Prior to Referral

BEFORE THE REFERRAL

Before a fraud referral is initiated, the worker should contact the client to clarify the inconsistency, or the allegation of providing untruthful information, etc., and to obtain additional verification and/or sworn statements, as appropriate. In some instances, the client may

cooperate and the concern is resolved without a referral.

There are times when applicants/recipients may have valid reasons as to why they may not have been able to provide complete information regarding their eligibility. Researching the facts and other information will help indicate to the worker whether there is suspicion of fraud or if there was simply a misunderstanding or a mistake made.

If ...	Then ...
The applicant/recipient appears to be trying to cooperate but is having difficulty providing full and complete information	The worker will assist the applicant / recipient in providing full and complete information to determine eligibility.
Based on review of the information and knowledge of the case the worker determines that it would be appropriate to make a referral for investigation	The referral will detail the basis for the request for investigation. A referral must be made: <ul style="list-style-type: none">• For Applicants—Immediately and prior to granting of benefits• For Recipients—within five working days.

However, benefits should not be stopped unless the findings in an investigation result in a change in eligibility.

The following are examples of actions to be taken by the worker to detect any potential fraud prior to initiating a referral:

- Ask the applicant how he/she has been supporting his/her family before applying for aid.
- Ask the client how needs are being met if expenses exceed income and apply the following:
 - Attempt to clarify the inconsistency;
 - Determine the total amount of income reported by the client;
 - Ask the client for an explanation of how the total amount of expenses is being met;
 - Obtain additional verification(s) and/or sworn statements as applicable; and
 - Request a signed release of information to obtain third party verifications/statements as necessary and thoroughly document contacts with landlords, utility

companies, etc. in the case record.

- Use form 07-21 HHS or CSF 22 to request employment verification from the last known employer if necessary. The client must sign this form for release of information.
- Review the prior case record including case narrative and previous fraud referrals. When the previous case closing was due to Early Fraud Prevention or Full Field investigation findings or at the client's request following the worker's contact regarding a fraud allegation, discuss the case with a Fraud Prevention Investigator assigned to the FRC or contact the PAFD duty supervisor.
- Ask the following questions when residency outside California/United States is suspected:
 - Does the client have other minor children for whom aid is not requested? If so, where are they residing?
 - Does the client own or control any property, not only in the United States, but also outside of the country?
 - Does the client have a Passport, Border Crossing card or Mexican Voter Registration card?
- Question the client about any fraud allegations received on the case such as another adult residing with the family or possession of unreported income/property.
- Photocopy all I.D. cards **only if they are** presented. These photocopies should accompany the referral.
- As explained in [63-117.12](#), verification of residency in the County of San Diego will be accomplished to the extent possible in conjunction with the verification of other information or collateral contact. However, if county residency is in question, ask for a rental agreement or receipt, and/or a receipt from San Diego Gas & Electric indicating that the services have been established for the indicated address and the contract is in the client's name.

If during a pre-referral contact by the worker, the client admits having provided false information, the worker will obtain the factual information, along with any available verifications and sworn statements, and thoroughly document the findings in the case record. In this case, a referral may no longer be needed if there is no other questionable information. However, the worker must re-evaluate the household's eligibility and/or re-compute the budget using the new

and/or correct information. In addition, the worker will take any necessary and appropriate procedures, including referral to the Overpayment Specialist Unit (OSU), to recover any benefits paid to which the recipient was not entitled. OSU will contact PAFD for further detailed information, as needed, and decide whether to refer the case to the District Attorney's Office for prosecution. If the overpayment exceeds \$1,500, the worker will refer the case directly to PAFD.

Staff is reminded to document their findings in the referral for investigation and to describe the efforts taken to clarify circumstances of eligibility and resolve discrepant information.

COMMUNICATING REPORTING RESPONSIBILITIES

Prior to making a referral for investigation, the worker will consider whether the recipient reporting responsibilities were explained to the individual in his/her chosen language and if the individual has expressed that he/she understood their responsibilities. If it appears that the applicant/recipient may be having difficulty understanding what he/she is being told, the worker may ask the individual to "repeat back" a summary of what he/she was told.

If the applicant/recipient does not understand his/her responsibilities, the failure to report eligibility facts could be attributed to a misunderstanding and may not result in a referral for investigation. The worker should document that they have fully informed the applicants/recipients of their rights and responsibilities in the appropriate language as indicated in [63-115.2](#), and/or have provided reasonable accommodations where necessary, and note that the applicants/recipients appear to understand what they were told and that they stated that they understand.

At application and recertification, workers will clearly communicate program reporting requirements. It is particularly important to explain how and when to report anticipated income, especially their Income Reporting Threshold (IRT). Workers must also explain that applicants/recipients are required to report all income, whether it is countable or not (e.g. SSI, Work Study, etc.).

Workers are required to discuss fraud with each applicant/recipient to help deter fraud by raising awareness about what fraud is and the consequences for committing fraud. Staff should explain to the applicant/recipient that terminology such as "under penalty of perjury" means that "the information you are reporting is true, and if it's not true, you may be committing a crime," or "prosecuted as a felony" means that "taken to criminal court with the possibility of one year or more of jail or prison time." Staff can also decrease the likelihood of

fraud by explaining that the state uses multiple data matches from other programs and agencies to detect unreported income and assets. Workers will also explain that the County uses multiple data matches from other programs and agencies to detect unreported income and assets, and that the state monitors EBT card transactions.

OTHER CONSIDERATIONS

The County is required to provide interpretive services to non- and limited-English speaking applicants/recipients. Additionally, the County is required to provide reasonable accommodations for applicants/recipients with physical and/or mental disabilities, including learning disabilities. Workers must document the facts or conditions that may have affected the applicant/recipient's ability to provide necessary information along with those facts constituting reasonable grounds for a referral for investigation. Such factors could include lack of comprehension due to language barriers, literacy, learning disabilities, and/or mental health issues. For additional information on how to provide reasonable accommodations refer to [Section 3](#) of the [Civil Rights Eligibility Desk Guide](#).

DOMESTIC VIOLENCE

If the worker is aware that domestic abuse may be affecting an applicant/recipient's ability to provide necessary information, it should be noted in the referral for investigation. PAFD need to consider if domestic abuse is occurring so they are aware of safety concerns for themselves or a household member and also because it may be relevant to the investigator's evaluation of the individual's conduct relative to the referral for investigation. Additionally, the worker should follow their domestic abuse protocols and offer domestic abuse related services to the applicant/recipient as appropriate.

SOLICITATION REFERRALS

Soliciting, as related to fraud, is the act of tempting or enticing someone to do wrong. This includes advising or coaching applicants how to answer questions, conceal information, or provide false or fraudulent information to:

- Establish eligibility to benefits; or
- Obtain greater benefits than otherwise entitled; or
- Prepare for an investigation of their circumstances.

INVESTIGATION

The worker must not delay granting Expedited Services pending the completion of an investigation. Should a question arise whether to grant or delay, the worker is to discuss the case situation with his/her supervisor, and document the decision in the case narrative.

REFERRAL INITIATED

If the worker cannot resolve the discrepancy or fraud allegation after taking all necessary steps and there is no previous referral pending on FRTS, the worker must initiate a fraud referral. The worker should make the referral immediately upon determination that a referral is needed. The earlier a referral is initiated, the higher the likelihood that the worker will have the investigation result before granting new or additional aid. In addition, the worker will be able to discontinue or reduce the benefits to which the client was not entitled at the earliest time possible. Workers will use FRTS to initiate all fraud referrals.

The FRTS narrative section must contain:

- A clear, specific explanation of the suspicion/allegation. For example, name and address of the employer or source of other income, if known, on an Unreported Income Allegation;
- The period covered by the allegation. This is very important for allegations on closed cases because client activities that occur after case closure have no impact on eligibility or amount of aid paid; and
- The steps the worker has taken to resolve the issue before making the referral.

NOTE: Information regarding the availability and quality of evidence, the whereabouts of the person suspected of committing fraud, the length of time and dollar amount involved, and prior willful overpayments, fraud convictions or suspected fraudulent history, is a major consideration in the acceptance and assignment of referrals by PAFD and therefore, will also be included in the referral, if available.

REFERRAL ATTACHMENTS

Appropriate attachments necessary for the investigation must be forwarded to PAFD staff immediately, upon completion of the referral on FRTS. Mandatory attachments for all EFD/P referrals are copies of the:

- Client's photo I.D. when available;
- Statement of Facts; and

- Other pertinent verifications

Attachments will be given to the EFD/P investigator in the FRC (on EFD/P referrals) or sent to PAFD mail stop W413 (on Full Field referrals), as appropriate. A completed 16-55 DSS "FRTS Attachments" coversheet must be sent along with the attachments in order to identify the referral. If the attachments indicated on the referral (or necessary for the investigation) are not received by PAFD within ten (10) working days (for a Full Field referral) the referral will be pended.

Any additional information received after the referral has been made will be given to the in-office EFD/P investigator (on EFD/P referrals) or sent to PAFD (on Full Field referrals).

63-704.5
Referral
Responses

REFERRAL PENDED (FULL FIELD ONLY)

Full Field referrals may be set to "Additional Info Needed", "Second Request for Additional Info" and "Third Request for Additional Info" indicating that PAFD needs additional information from the worker before they can make a determination to accept, reject or redirect the referral. Include the additional information needed with the "Comments" section on the FRTS screen "Accept, Assign and Signoff Fraud Referral" for the PAFD Investigator to review.

Timeline for Pending Referrals
<ul style="list-style-type: none"> • The worker has 10 days to respond to PAFD. This timeline starts from the date the Welfare Investigations Pending Acceptance Report is received requesting the worker to provide verification and/or information needed.
<ul style="list-style-type: none"> • If no response is received, a second report is generated to the worker and supervisor with five (5) days to respond to PAFD from the date the second report is received.
<ul style="list-style-type: none"> • If no response is received from the worker and/or supervisor, then a roll-up report is sent to the FRC Manager allowing five (5) additional days from the date the roll-up report is received to respond to PAFD.
<ul style="list-style-type: none"> • If the five (5) additional days have passed and no response is received, PAFD will contact the Regional General Manager for a response.

REFERRAL REJECTED

A referral rejected by PAFD is not the end of the process when the need for an investigation still exists. The response from PAFD will

indicate the reason for rejecting the referral. The worker must promptly follow up on the rejection, as appropriate, and immediately initiate a new referral to PAFD.

INVESTIGATION FINDINGS RECEIVED

Upon receipt of findings from the investigator, the worker must make the eligibility and benefit amount determination based on the findings, the information provided by the client, and existing rules and regulations of the program. For EFD/P referrals, the worker must respond to the PAFD report by indicating the disposition (action taken on the case) and any dollar savings. Using the FRTS screen “Case Worker Response to Fraud Referral”.

- **Fraud Exists**

When it is determined that fraud exists, the worker must promptly take appropriate case action, following timely notice requirements, to deny, reduce, or terminate benefits to which the client is not entitled. When this negative action results in an overpayment, the overpayment must be processed in accordance with [63-451.9](#).

Under any circumstance, improper payment of benefits should be stopped as soon as possible, in accordance with reporting rules (SAR or CR), overissuances (OIs) should be established, if appropriate, and recoupment initiated.

- **Client Rebut Investigation Findings**

When the client presents additional information and/or verifications to rebut the investigator's findings, the information/verifications must be reviewed for consistency. Although PAFD agreement is not required when clarification is received, the worker must initiate a **new** FRTS referral when the new information and/or verifications remain inconsistent. The worker must reference the previous referral by noting the previous FRTS number in the “Comments” section.

Generally, a sworn statement will not be considered acceptable to rebut the investigator's findings. The decision to accept a sworn statement without other verifications **must** be made at the Family Resource Center (FRC) Manager level. All information must be thoroughly documented by the worker in the case narrative.

- **Worker Questions Regarding the Investigation**

When the worker questions the investigator's response, the worker must discuss the issues with his/her Supervisor. If the

issues remain, the worker should contact the investigator. If the issues remain unresolved after discussion with the investigator, the worker must elevate them to his/her supervisor who will elevate them with the investigator's supervisor.

- **Over 90 Days**

Most referrals sent to Full Field will not be held by PAFD for over 90 days. Following the 90-day period, unassigned referrals will be returned to the worker. If the worker has or later receives new or additional information concerning the fraud allegation, a new fraud referral with attachments is to be initiated on FRTS.

REMINDER:

Workers do not determine Intentional Program Violators (IPVs). Individuals are found to have committed an IPV either through an administrative disqualification hearing or by a court of appropriate jurisdiction, or individuals accused of IPV who have signed an Administrative Disqualification Hearing Waiver or a Disqualification Consent Agreement. A suspected fraud claim should be set up as an Inadvertent Household Error (IHE) until such time as it has been established as an IPV as indicated above. [Refer to 63-453](#)

63-704.6
Examples of
Potential
Referrals

The following are examples of potential referrals for investigations:

Example 1:

Martha Smith applied for CalFresh claiming no income in her application form. She was approved for aid, but in her first SAR 7 report she included conflicting income information by checking "no" regarding receipt of income but attached pay stubs from a job. After reviewing the SAR 7, the worker contacted Martha about her employment situation and learned that Martha had started a new job and mistakenly checked the wrong box on the SAR 7 form.

In this example, the worker discussed the discrepancy with Martha and determined that Martha had simply made an error on the SAR 7. Based on the worker's findings, no further action is required.

Example 2:

Martha Smith applied for CalFresh claiming no income in her application but stated that she anticipated starting a job and provided a start date and hourly income. On her first SAR 7 report, Martha did not list any income information. The worker contacted Martha about

the discrepancy between information reported in her application and her first SAR 7 report regarding the anticipated job. Martha said the job offer was withdrawn and she has no income.

In this example, the worker discussed the discrepancy with Martha. Based on Martha's information regarding the job offer withdrawal, no further action is required.

Example 3:

John Jones applied for CalFresh stating he lives with his father at 116 Western Street and pays rent to his father. The worker determined John was not eligible as his own household because he is 20 years old, living with his father, and his father is not disabled. When the worker told John he was not eligible for these reasons, John stated that he meant to say he lived on his father's property at 116A Western Street in a housing unit behind his father's house and pays rent to his father. As this was discrepant information, the worker requested verification of the living arrangement and John stated that he would not provide documentation. As a result, the worker denied the application.

In this example, the worker denied the application because John is unwilling to provide verification to establish eligibility. Therefore, no further action is required.

Example 4:

Paul Brown receives CalFresh and reports employment in San Diego doing in-home care through ABC HomeCare, Inc. Paul provides copies of the paychecks to the worker, which are personal checks from the owner. The worker reviews Paul's employment verification, and notes that it is handwritten on paper without letterhead or a business address. Based on the non-standard paychecks and the lack of business identification on the employment verification, the worker looks for business information on the employer. The worker found no listing for ABC HomeCare, but found the business address for ABC HomeCare was a UPS store. The worker referred this case to investigation to verify employment.

In this example, the worker made an appropriate referral for investigation because Paul provided documentation that was questionable.

Example 5:

A worker receives information that Jane Brown who lives in Fallbrook is shopping a lot or exclusively at a grocery store in Temecula (Riverside County). The worker contacts the recipient to inquire about whether she has moved. The worker explains that if she is living in another county, this will not affect eligibility but simply means the case needs to be transferred. The recipient explained that the store is cheaper than the store near her home and confirms she continues to reside in the county handling her case. The worker narrates this in the case file and no referral to PAFD is necessary.

In this example, the worker sought clarifying answers by contacting Jane. Based on Jane's explanation to why she shops frequently in the nearby county, the EW determined that no further action is required

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